

**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA  
State Examiner**

COMPLIANCE ENGAGEMENT REPORT

OF

LINCOLN HERITAGE PUBLIC LIBRARY

SPENCER COUNTY, INDIANA

January 1, 2021 to December 31, 2024



**FILED**

04/29/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Rae Ann Kippenbrock	01-01-21 to 12-31-25
Treasurer	Steven Rexing	01-01-21 to 12-31-25
President of the Library Board	Marsha Hicks	01-01-21 to 12-31-25



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## INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE LINCOLN HERITAGE PUBLIC LIBRARY, SPENCER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Lincoln Heritage Public Library (Library), for the period of January 1, 2021 to December 31, 2024. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Library as this engagement was not conducted in accordance with any standards established by an authoritative standard-setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Library's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifonline.org>.

The contents of this report were communicated to Rae Ann Kippenbrock, Director; Steven Rexing, Treasurer; and Marsha Hicks, President of the Library Board, on April 23, 2025.



Beth Kelley, CPA, CFE  
Deputy State Examiner

April 14, 2025

LINCOLN HERITAGE PUBLIC LIBRARY  
COMMENTS

**INTERNAL CONTROLS OVER COMPLIANCE**

*Condition and Context*

Deficiencies in the Library's system of internal controls resulted in noncompliance with laws and regulations related to the annual financial report and the adoption of, and certification on, internal control standards as detailed further in the comments below.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Library filed the AFR as prescribed; however, internal controls over the financial data entered into the AFR, which was the source of the Library's financial statements, were not effective at preventing, or detecting and correcting, errors. Due to the lack of proper internal controls, the Library's 2021, 2022, 2023, and 2024 AFRs contained the following errors:

*Capital Assets*

The Library maintained a detailed capital asset listing; however, the amounts reported in the AFR did not materially agree to the amounts maintained in the capital asset listing.

LINCOLN HERITAGE PUBLIC LIBRARY  
COMMENTS  
(Continued)

*Accounts Payable and Receivable*

The Library entered \$0 for accounts payable and accounts receivable in the 2021, 2022, 2023, and 2024 AFRs. The Library was unable to provide supporting documentation to determine the amounts that should have been reported.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ADOPTION OF, AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Library certified on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(g); however, there was no evidence that the standards had been adopted by the Library.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS

LINCOLN HERITAGE PUBLIC LIBRARY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Operating Fund	\$ 521,549	\$ 696,325	\$ 485,752	\$ 732,122	\$ 566,765	\$ 562,710	\$ 736,177
Broadband Connectivity Fund Grant	3,038	6,742	8,200	1,580	5,665	6,335	910
Lirf	235,788	-	-	235,788	-	-	235,788
Indiana Evergreen Pass Thru Account	1,280	285	337	1,228	377	295	1,310
CARES Act Fund	(150)	2,117	1,967	-	-	-	-
Emergency Connectivity Grant	-	-	-	-	7,316	7,316	-
Levee Excess Fund	-	-	-	-	44,770	-	44,770
Petty Cash	170	-	-	170	-	-	170
Gift	10,304	7,945	5,434	12,815	14,919	11,341	16,393
Totals	<u>\$ 771,979</u>	<u>\$ 713,414</u>	<u>\$ 501,690</u>	<u>\$ 983,703</u>	<u>\$ 639,812</u>	<u>\$ 587,997</u>	<u>\$ 1,035,518</u>

LINCOLN HERITAGE PUBLIC LIBRARY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
Operating Fund	\$ 736,177	\$ 653,801	\$ 603,551	\$ 786,427	\$ 619,331	\$ 539,712	\$ 866,046
Broadband Connectivity Fund Grant	910	5,328	5,680	558	4,357	4,915	-
Lirf	235,788	-	-	235,788	-	-	235,788
Indiana Evergreen Pass Thru Account	1,310	575	362	1,523	403	282	1,644
Levee Excess Fund	44,770	-	44,770	-	-	-	-
Petty Cash	170	-	-	170	-	-	170
Gift	16,393	14,020	16,048	14,365	15,338	7,333	22,370
Totals	<u>\$ 1,035,518</u>	<u>\$ 673,724</u>	<u>\$ 670,411</u>	<u>\$ 1,038,831</u>	<u>\$ 639,429</u>	<u>\$ 552,242</u>	<u>\$ 1,126,018</u>